



**REPORT OF THE AUDITOR OF PUBLIC ACCOUNTS  
AUDIT EXAMINATION OF THE  
BUTLER COUNTY FISCAL COURT**

**Fiscal Year Ended June 30, 2001**

**EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS  
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## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE BUTLER COUNTY FISCAL COURT**

**Fiscal Year Ended June 30, 2001**

The Auditor of Public Accounts has completed the Butler County Fiscal Court audit for fiscal year ended June 30, 2001. We have issued an unqualified opinion on the financial statements taken as a whole. Based upon the audit work performed, the financial statements are presented fairly in all material respects.

#### **Financial Condition:**

Cash balances increased by \$189,717 from the beginning of the year, resulting in a cash surplus of \$1,073,305 as of June 30, 2001.

#### **Debt Obligations:**

Capital lease principal agreements totaled \$666,131 as of June 30, 2001. Future principal and interest payments of \$1,022,873 are needed to meet these obligations.

#### **Deposits:**

The fiscal court's deposits were insured and collateralized by bank securities or bonds.



## CONTENTS

PAGE

INDEPENDENT AUDITOR’S REPORT .....	1
BUTLER COUNTY OFFICIALS .....	3
STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES ARISING FROM CASH TRANSACTIONS .....	6
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES .....	10
NOTES TO FINANCIAL STATEMENTS .....	12
SUPPORTING SCHEDULES:	
COMPARATIVE SCHEDULE OF BUDGETED TO ACTUAL OPERATING REVENUE .....	23
SCHEDULE OF OPERATING REVENUE.....	27
COMPARATIVE SCHEDULE OF FINAL BUDGET AND BUDGETED EXPENDITURES .....	31
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS .....	35
APPENDIX A:	
CERTIFICATION OF COMPLIANCE - LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS	





EDWARD B. HATCHETT, JR.  
AUDITOR OF PUBLIC ACCOUNTS

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Hugh C. Evans, Butler County Judge/Executive  
Members of the Butler County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of assets, liabilities, and fund balances arising from cash transactions of Butler County, Kentucky, as of June 30, 2001, and the related statement of cash receipts, cash disbursements, and changes in cash balances for the year then ended. These financial statements are the responsibility of the Butler County Fiscal Court. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, Butler County, Kentucky, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the modified cash basis and laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The modified cash basis accounting system does not require an entity to maintain a general fixed asset group or a general long-term debt group of accounts.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balances arising primarily from cash transactions as of June 30, 2001 of Butler County, Kentucky, and the revenues received and expenditures paid for the year then ended, in conformity with the modified cash basis of accounting.

To the People of Kentucky  
Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Hugh C. Evans, Butler County Judge/Executive  
Members of the Butler County Fiscal Court

In accordance with Government Auditing Standards, we have also issued our report dated July 1, 2002 on our consideration of Butler County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying financial information listed as supporting schedules in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Butler County, Kentucky. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a horizontal line extending from the end of the signature.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
July 1, 2002



BUTLER COUNTY OFFICIALS

Fiscal Year Ended June 30, 2001

**Fiscal Court Members:**

Hugh C. Evans	County Judge/Executive
Kathy Bratcher	Magistrate
Rollie Clark	Magistrate
Timmy Givens	Magistrate
Woody Martin	Magistrate
Roger McKinney	Magistrate

**Other Elected Officials:**

Robert Wade	County Attorney
Terry Fugate	Jailer
Diane Ingram	County Clerk
Bonnie Howard	Circuit Court Clerk
Kenneth Morris	Sheriff
Richard Embry	Property Valuation Administrator
Gerald Jones	Coroner

**Appointed Personnel:**

Angela Pendley	County Treasurer
Suzanne Brosman	Finance Officer

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STATEMENT OF ASSETS, LIABILITIES,  
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

BUTLER COUNTY  
STATEMENT OF ASSETS, LIABILITIES,  
AND FUND BALANCES ARISING FROM CASH TRANSACTIONS

June 30, 2001

Assets and Other Resources

Assets

General Fund Type

General Fund:			
Cash	\$	746,318	
Road and Bridge Fund:			
Cash		230,848	
Jail Fund:			
Cash		31,759	
Local Government Economic Assistance Fund:			
Cash		58,339	
Statue Fund:			
Cash		215	
Payroll Revolving Account - Cash		<u>12,933</u>	\$ 1,080,412

Special Revenue Fund Type

Community Development Block Grant Fund:			
Cash			5,826

Other Resources

General Fund Type

General Fund:			
Amounts to be Provided in Future Years for Capital Leases:			
Fire Truck (Note 5)	\$	36,189	
Fire Truck (Note 5)		<u>46,943</u>	83,132
Road Fund:			
Amounts to be Provided in Future Years for Capital Lease:			
County Barn (Note 5)			11,000

Debt Service Fund Type

Courthouse Sinking Fund:			
Amounts to be Provided in Future Years for Capital Lease:			
Courthouse (Note 5)			<u>572,000</u>
Total Assets and Other Resources	\$		<u><u>1,752,370</u></u>

The accompanying notes are an integral part of the financial statements.

BUTLER COUNTY  
 STATEMENT OF ASSETS, LIABILITIES, AND FUND BALANCES  
 ARISING FROM CASH TRANSACTIONS  
 June 30, 2001  
 (Continued)

Liabilities and Fund Balances

Liabilities

General Fund Type

General Fund:

Capital Lease Principal Payments:

Fire Truck (Note 5)	\$	36,189	
Fire Truck (Note 5)		<u>46,943</u>	\$ 83,132

Road and Bridge Fund:

Capital Lease Principal Payments - County Barn (Note 5)			11,000
---	--	--	--------

Payroll Revolving Account			12,933
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Debt Service Fund Type

Courthouse Sinking Fund:

Capital Lease Principal Payments - Courthouse (Note 5)			572,000
--	--	--	---------

Fund Balances

Reserved:

Special Revenue Fund Type

Community Development Block Grant Fund (Note 8)			5,826
---	--	--	-------

Unreserved:

General Fund Type

General Fund	\$	746,318	
Road and Bridge Fund		230,848	
Jail Fund		31,759	
Statue Fund		215	
Local Government Economic Assistance Fund		<u>58,339</u>	<u>1,067,479</u>

Total Liabilities and Fund Balances			<u>\$ 1,752,370</u>
-------------------------------------	--	--	---------------------

The accompanying notes are an integral part of the financial statements.

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STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

BUTLER COUNTY  
STATEMENT OF CASH RECEIPTS,  
CASH DISBURSEMENTS, AND CHANGES IN CASH BALANCES

Fiscal Year Ended June 30, 2001

	General Fund Type			
	Totals (Memorandum Only)	General Fund	Road and Bridge Fund	Jail Fund
<u>Cash Receipts</u>				
Schedule of Operating Revenue	\$ 3,991,810	\$ 2,350,527	\$ 1,135,929	\$ 364,355
Transfers In	321,438	65,000	65,000	110,500
Kentucky Advance Revenue Program	1,090,400	1,033,100	57,300	
Lease-Purchase Proceeds	179,132	118,452	60,680	
Total Cash Receipts	<u>\$ 5,582,780</u>	<u>\$ 3,567,079</u>	<u>\$ 1,318,909</u>	<u>\$ 474,855</u>
<u>Cash Disbursements</u>				
Comparative Schedule of Final Budget and Budgeted Expenditures	\$ 3,638,030	\$ 2,036,469	\$ 1,039,219	\$ 490,570
Community Development Block Grant Fund Expenditures	90,608			
Transfers Out	321,438	256,438	65,000	
Interest Paid Courthouse Capital Lease Principal on Capital Lease	34,107			
Courthouse	23,000			
Fire Truck	3,389	3,389		
Fire Truck	1,959	1,959		
County Barn	11,000		11,000	
Borrowed Money Repaid	179,132	118,452	60,680	
Kentucky Advance Revenue Program Repaid	1,090,400	1,033,100	57,300	
Total Cash Disbursements	<u>\$ 5,393,063</u>	<u>\$ 3,449,807</u>	<u>\$ 1,233,199</u>	<u>\$ 490,570</u>
Excess (Deficiency) of Cash Receipts Over (Under) Cash Disbursements	\$ 189,717	\$ 117,272	\$ 85,710	\$ (15,715)
Cash Balance - July 1, 2000	883,588	629,046	145,138	47,474
Cash Balance - June 30, 2001	<u>\$ 1,073,305</u>	<u>\$ 746,318</u>	<u>\$ 230,848</u>	<u>\$ 31,759</u>

The accompanying notes are an integral part of the financial statements.



BUTLER COUNTY  
 STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
 CHANGES IN CASH BALANCES  
 Fiscal Year Ended June 30, 2001  
 (Continued)

General Fund Type		Special Revenue Fund Type	Debt Service Fund Type
Local Government Economic Assistance Fund	Statue Fund	Community Development Block Grant Fund	Courthouse Sinking Fund
\$ 68,396	\$	\$ 19,069 77,365	\$ 53,534 3,573
\$ 68,396	\$ 0	\$ 96,434	\$ 57,107
\$ 71,772	\$	\$	\$
		90,608	
			34,107
			23,000
\$ 71,772	\$ 0	\$ 90,608	\$ 57,107
\$ (3,376) 61,715	\$ 215	\$ 5,826	\$
\$ 58,339	\$ 215	\$ 5,826	\$ 0

The accompanying notes are an integral part of the financial statements.

BUTLER COUNTY  
NOTES TO FINANCIAL STATEMENTS

June 30, 2001

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The financial statements of Butler County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Based upon the application of the criteria stated in GASB 14, there are no component units which merit consideration as part of the reporting entity.

Additional - Butler County Constitutional Elected Officials

- Circuit Court Clerk
- County Attorney
- County Clerk
- County Sheriff
- Property Valuation Administrator

The Kentucky constitution provides for election of the above officials from the geographic area constituting Butler County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices.

B. Fund Accounting

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The government uses funds to report on its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Butler County Fiscal Court's Fund Types, a definition of each, and county funds included within each fund type are listed below.

1) General Fund Type

General Fund Type accounts for all financial resources except those required to be accounted for in another fund type. The Butler County General Fund Type includes the following county funds: General Fund, Road and Bridge Fund, Jail Fund, Local Government Economic Assistance Fund, and Statue Fund.

BUTLER COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2001  
(Continued)

Note 1. Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

2) Special Revenue Fund Type

Special Revenue Fund Type accounts for the proceeds of specific revenue sources that are legally restricted to expenditures for the specified purpose. The Community Development Block Grant Fund of the Fiscal Court is reported as a Special Revenue Fund Type.

3) Debt Service Fund Type

Debt Service Fund Type accounts for the accumulation of resources for the payment of general long-term debt principal and interest and include funds for the Courthouse Sinking Fund.

C. Basis of Accounting

For all fund types, the county utilizes a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received, except for the recording of long-term receivables and deferred revenue. Expenditures are recognized when paid, except for the recording of long-term obligations and amounts to be provided in future years.

D. Legal Compliance - Budget

The Butler County budget is adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer. The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

E. Cash

Cash includes amounts in bank accounts, and investments are stated at cost. Investments may include certificates of deposit on the financial statements; however, for the purpose of disclosing credit risk (Note 3), investments exclude certificates of deposit.

BUTLER COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2001  
 (Continued)

Note 2. Employee Retirement System

The county has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system which covers all eligible full-time employees. Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 7.17 percent.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is present in the Kentucky Retirement Systems' annual financial report.

Note 3. Deposits

The county maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. These requirements were met, and as of June 30, 2001, the county's deposits were fully insured or collateralized at a 100% level with collateral of either pledged securities held by the county's agent in the county's name, or provided surety bond which named the county as beneficiary/obligee on the bond.

Note 4. Short Term Debt

Liabilities of the General Fund are:

Description	Purchase Date	Maturity Date	Interest Rate	Amount
Ambulance	10/30/2000	10/20/2005	Variable	\$ 61,154
Ambulance	8/27/1999	8/20/2004	Variable	\$ 85,352

BUTLER COUNTY  
 NOTES TO FINANCIAL STATEMENTS  
 June 30, 2001  
 (Continued)

Note 4. Short Term Debt (Continued)

Liabilities of the Road Fund are:

<u>Description</u>	<u>Purchase Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount</u>
Truck	10/10/1997	11/1/2002	Variable	\$ 35,503
Chip Spreader	3/12/2001	3/20/2006	4.25%	\$ 57,942

Note 5. Lease Agreements

The county has entered into the following lease agreements:

A. Courthouse

On September 24, 1997, Butler County Fiscal Court entered into a lease-purchase agreement with the Kentucky Association of Counties Leasing Trust (KACoLT). The lease-purchase agreement was for the renovation and expansion of the Butler County Courthouse. The principal was \$638,000 at 4.830 percent interest for a period of 20 years, interest paid monthly and principal paid annually. Principal outstanding as of June 30, 2001, is \$572,000. Lease payment requirements are:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2002	\$ 32,743	\$ 24,000
2003	31,296	26,000
2004	29,757	27,000
2005	28,160	28,000
2005	26,504	29,000
2006-2017	182,252	438,000
Totals	<u>\$ 330,712</u>	<u>\$ 572,000</u>

BUTLER COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2001  
(Continued)

Note 5. Lease Agreements (Continued)

B. Fire Truck

On December 30, 1999, the Butler County Fiscal Court entered into a lease-purchase agreement with the Kentucky Association of Counties Leasing Trust (KACoLT). The lease-purchase agreement was for the purchase of a Fire Truck. The principal was \$41,000 at 4.50 percent interest for a period of 10 years, interest and principal paid monthly. Principal outstanding as of June 30, 2001, is \$36,189. Lease payment requirements are:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2002	\$ 2,160	\$ 3,544
2003	1,997	3,705
2004	1,827	3,875
2005	1,644	4,051
2006	1,458	4,236
2007-2010	3,219	16,777
Totals	<u>\$ 12,305</u>	<u>\$ 36,188</u>

C. Fire Truck

On November 30, 2001, the Butler County Fiscal Court entered into a lease-purchase agreement with the Kentucky Association of Counties Leasing Trust (KACoLT). The lease-purchase agreement was for the purchase of a Fire Truck. The principal was \$48,902 at 4.53 percent interest for a period of 10 years, interest and principal paid monthly. Principal outstanding as of June 30, 2001, is \$46,943. Lease payment requirements are:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2002	\$ 2,494	\$ 4,052
2003	2,266	4,238
2004	2,026	4,433
2005	1,776	4,637
2006	1,514	4,850
2007-2010	3,238	24,733
Totals	<u>\$ 13,314</u>	<u>\$ 46,943</u>

BUTLER COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2001  
(Continued)

Note 5. Lease Agreements (Continued)

D. County Barn

On April 14, 1992, the Butler County Fiscal Court entered into a lease-purchase agreement with the Kentucky Association of Counties Leasing Trust (KACoLT). The lease-purchase agreement was for the purchase of an Ambulance. The principal was \$67,000 at 5.24 percent interest for a period of 10 years, interest paid monthly and principal paid yearly. Principal outstanding as of June 30, 2001, is \$11,000. Lease payment requirements are:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2002	\$ 411	\$ 11,000

Note 6. Subsequent Events

On October 25, 2001, the Butler County Fiscal Court entered into a lease-purchase agreement with the Kentucky Association of Counties Leasing Trust (KACoLT). The lease-purchase agreement was for the acquisition of a 2002 International Dump Truck, Series 4900. The principal was \$51,725 at 3.05 percent interest for a period of 5 years, interest paid monthly and principal paid yearly. Principal outstanding as of June 30, 2001, is \$51,725. Lease payment requirements are:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>
2002	\$ 1,110	\$ 9,625
2003	1,416	9,975
2004	1,038	10,330
2005	647	10,705
2006	241	11,090
Totals	\$ 4,452	\$ 51,725

Note 7. Material Grants

A. Community Development Block Grant

Butler County Fiscal Court was awarded a grant for \$211,000 from the Cabinet For Economic Development, Commonwealth of Kentucky, to assist in economic development. During fiscal year 2001 the Butler County Fiscal Court received grant funds totaling \$96,434 and spent funds totaling \$90,608. The unexpended balance as of June 30, 2001, was \$5,826.

BUTLER COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2001  
(Continued)

Note 7. Material Grants (Continued)

B. Butler County Self-Help Water Project Grant

Butler County Fiscal Court was awarded a grant for \$250,000 from the Office of the Governor, Department for Local Government for the purpose of acquisition, construction, and installation of certain additions to the Butler County Water System. During fiscal year 2001, the Butler County Fiscal Court received grant funds totaling \$157,862 and spent funds totaling \$157,862. The unexpended balance as of June 30, 2001, was \$0.

C. Various Fire Department Project Grant

Butler County Fiscal Court was awarded a grant for \$200,000 from the Office of the Governor, Department for Local Government for the purpose of purchasing equipment for the local fire departments. During fiscal year 2001, the Butler County Fiscal Court received grant funds totaling \$200,000 and spent funds totaling \$200,000. The unexpended balance as of June 30, 2001, was \$0.

D. Fire Department Radios Project Grant

Butler County Fiscal Court was awarded a grant for \$110,000 from the Office of the Governor, Department for Local Government for the purpose of purchasing a radio system for all of the fire departments in Butler County. During fiscal year 2001, the Butler County Fiscal Court received grant funds totaling \$110,000 and spent funds totaling \$110,000. The unexpended balance as of June 30, 2001, was \$0.

Note 8. Reserved Fund Balance

Reservations of fund balance represent amounts that are legally segregated for a specific purpose. The following funds had reserved fund balances.

As of June 30, 2001, \$5,826 of fund balance in the Community Development Block Grant Fund was reserved because these funds were legally restricted. The Butler County Fiscal Court received grant funds totaling \$96,434 for the Butler County Self-Help Water Project specifically and spent funds totaling \$90,608. The unexpended balance as of June 30, 2001, was \$5,826.

Note 9. Jail Canteen Fund

The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Canteen. Technical Audit Bulletin 93-002 provides additional accounting and expenditure guidance for acceptable jail canteen operations.

The Butler County Jail Canteen Fund had income of \$52,792, less cost of goods sold of \$35,669, leaving net income at \$17,123 as of June 30, 2001. All profit expenditures were for the benefit and/or recreation of the inmates.



BUTLER COUNTY  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2001  
(Continued)

Note 10. Restatement of Prior Year Fund Balance

In the prior year the Ambulance Fund was shown as having a balance of \$9,573. The General Fund had a prior year balance of \$619,473. These two balances are combined on the current year report as the General Fund prior year balance since the Ambulance receipts and disbursements are budgeted through the general fund.

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COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE



BUTLER COUNTY  
COMPARATIVE SCHEDULE OF  
BUDGETED TO ACTUAL OPERATING REVENUE

Fiscal Year Ended June 30, 2001

<u>Budgeted Funds</u>	Budgeted Operating Revenue	Actual Operating Revenue	Over (Under) Budget
<u>General Fund Type</u>			
General Fund	\$ 3,328,133	\$ 2,350,527	\$ (977,606)
Road and Bridge Fund	1,123,853	1,135,929	12,076
Jail Fund	492,095	364,355	(127,740)
Local Government Economic Assistance Fund	51,412	68,396	16,984
Totals	<u>\$ 4,995,493</u>	<u>\$ 3,919,207</u>	<u>\$ (1,076,286)</u>

Reconciliation

Total Budgeted Operating Revenue Above	\$ 4,995,493
Add: Budgeted Prior Year Surplus	234,288
Less: Other Financing Uses	<u>(1,246,865)</u>
Total Operating Budget Per Comparative Schedule Of Final Budget and Budgeted Expenditures	<u>\$ 3,982,916</u>

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SCHEDULE OF OPERATING REVENUE





BUTLER COUNTY  
SCHEDULE OF OPERATING REVENUE

Fiscal Year Ended June 30, 2001

Revenue Categories	GOVERNMENTAL FUND TYPES			
	Totals (Memorandum Only)	General Fund Type	Special Revenue Fund Type	Debt Service Fund Type
Taxes	\$ 1,336,460	\$ 1,336,460	\$	\$
In Lieu Tax Payments	40,573	40,573		
Excess Fees	83,639	83,639		
Licenses and Permits	1,728	1,728		
Intergovernmental Revenues	2,150,423	2,131,354	19,069	
Charges for Services	234,946	182,035		52,911
Miscellaneous Revenues	57,913	57,913		
Interest Earned	86,128	85,505		623
Total Operating Revenue	<u>\$ 3,991,810</u>	<u>\$ 3,919,207</u>	<u>\$ 19,069</u>	<u>\$ 53,534</u>

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COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES



BUTLER COUNTY  
COMPARATIVE SCHEDULE OF  
FINAL BUDGET AND BUDGETED EXPENDITURES

Fiscal Year Ended June 30, 2001

Expenditure Categories	GENERAL FUND TYPE		
	Final Budget	Budgeted Expenditures	Under (Over) Budget
General Government	\$ 483,753	\$ 459,392	\$ 24,361
Protection to Persons and Property	1,407,813	1,391,440	16,373
General Health and Sanitation	399,064	206,184	192,880
Social Services	3,992	3,292	700
Recreation and Culture	9,700	9,636	64
Roads	989,490	953,672	35,818
Debt Service	941	25,606	(24,665)
Capital Projects	4,000	385	3,615
Administration	684,163	588,423	95,740
 Total Operating Budget - All General Fund Types	 \$ 3,982,916	 \$ 3,638,030	 \$ 344,886
 Other Financing Uses:			
Capital Lease Agreements-			
Principal on Lease			
Fire Truck	3,215	3,389	(174)
Fire Truck	1,785	1,959	(174)
County Barn	11,000	11,000	
Borrowed Money Repaid	115,800	118,452	(2,652)
Kentucky Advanced Revenue Program - Principal	1,115,066	1,090,400	24,666
 TOTAL BUDGET - ALL GENERAL FUND TYPES	 \$ 5,229,782	 \$ 4,863,230	 \$ 366,552

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS







**EDWARD B. HATCHETT, JR.**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky

Honorable Paul E. Patton, Governor  
T. Kevin Flanery, Secretary  
Finance and Administration Cabinet  
Dana Mayton, Secretary, Revenue Cabinet  
Honorable Hugh C. Evans, Butler County Judge/Executive  
Members of the Butler County Fiscal Court

**Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards**

We have audited the financial statements of Butler County, Kentucky, as of and for the year ended June 30, 2001, and have issued our report thereon dated July 1, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Butler County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Butler County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Report On Compliance And On Internal Control  
Over Financial Reporting Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and is not intended to be, and should not be, used by anyone other than the specified party.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Ed Hatchett", with a stylized flourish at the end.

Edward B. Hatchett, Jr.  
Auditor of Public Accounts

Audit fieldwork completed -  
July 1, 2002

CERTIFICATION OF COMPLIANCE -  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS

BUTLER COUNTY FISCAL COURT

Fiscal Year Ended June 30, 2001



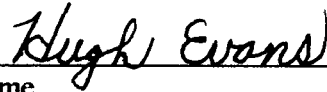
**CERTIFICATION OF COMPLIANCE**

**LOCAL GOVERNMENT ECONOMIC ASSISTANCE AND DEVELOPMENT PROGRAMS**

**BUTLER COUNTY FISCAL COURT**

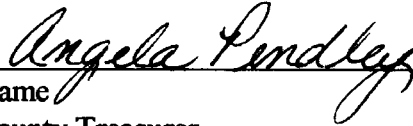
**Fiscal Year Ended June 30, 2001**

The Butler County Fiscal Court hereby certifies that assistance received from the Local Government Economic Development Program and Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



Name

County Judge/Executive



Name

County Treasurer